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Investment Recommendation No. 15

4 August 1966

MEMORANDUM FOR: Acting Director of Finance

SUBJECT : Recommended Investment in U. S. Treasury Securities
for the CIA Retirement Fund

I. Funds Available for Investment

Cash on Hand GL 906 - COB 2 August 1966

Reserve for Annuity Payments

Cash Available for Investment

Due from CSC 2 August 1966

25X1A

25X1A

25X1A

Chief, Compensation and Tax Division

II. Investment Proposal

A. The following U. S. Treasury securities are submitted for your consideration:

1. 4% U. S. Treasury Bonds maturing 15 February 1980
2. 4 $\frac{1}{4}$ % U. S. Treasury Bonds maturing 15 May 1975/85
3. 5 $\frac{1}{4}$ % U. S. Treasury Notes (when issued) maturing 1971

B. Specific Recommendations

Our Treasury advisors were contacted concerning investment choices suitable for our portfolio. The discussion narrowed down to the three issues listed above. Item A-3 is a new note (not yet issued) selling at a premium (100 2/32). It carries a maturity date of 1971 and would yield about 5.20. Although the yield to maturity would be slightly higher than the other issues, the short term does not fit our present projections of not needing additional funds before 1977. This type of issue is generally purchased by a fund having a specific need for cash at the particular maturity date; therefore, the high coupon seems more attractive. However, our advisors would recommend for our fund the purchase of either A-1 or A-2. The 4 $\frac{1}{4}$ % bond is subject to call in 1975, at the discretion of the

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GROUP 1
Excluded from automatic
downgrading and
declassification

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CIA Retirement Fund - Investment Recommendation No. 15

Secretary of the Treasury. He would exercise this option if interest rates in 1975 were less than $4\frac{1}{4}\%$. If not called in 1975, he could, with 60-day notice, call the bonds anytime between 1975 and 1985. The 4% bonds due in 1980 would not be subject to call and would pay the stipulated coupon until maturity. The present price of this issue is approximately 91 $\frac{1}{8}$ with a yield to maturity of 4.90.

The $4\frac{1}{4}\%$ bonds are selling for approximately 92 with a yield of 4.90.

25X1A Based on Treasury recommendation of purchasing either the 1975/85 or 1980 issue, we recommend, in order to balance our portfolio, that we invest up to [REDACTED] in the $4\frac{1}{4}\%$ 1975/85 issue as shown in A-2 above.

25X1A

[REDACTED]

25X1A

Deputy Chief, Monetary Division

APPROVED:

[REDACTED]
Acting Director of Finance

8/4/66
Date

III. Action Taken

25X1A verbally instructed [REDACTED] (184-5651)
25X1A on 4 August 1966 to purchase Bonds up to
[REDACTED] as approved.
[Signature]

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ROUTING AND RECORD SHEET

SUBJECT: (Optional)

ILLEGIB

FROM:

Chief, Monetary Division
Room 713 Key Building x3535

EXTENSION

NO.

DATE

TO: (Officer designation, room number, and building)

DATE

RECEIVED

FORWARDED

OFFICER'S INITIALS

COMMENTS (Number each comment to show from whom to whom. Draw a line across column after each comment.)

1.

C/Compensation & Tax Div.

Wey

Prior to this purchase, we are holding the following:

25X1A

2.

Act. Director of Finance

8/4/66

AMP

4 1/8%	1973
3 1/2%	1980
4%	1980
4 1/4%	1975/85
4 1/4%	1987/92

3.

C/Monetary Division

4.

5.

6.

ILLEGIB

CIA-RDP80-01503R000100010027-9

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